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New World China Land Finance Limited

(Incorporated in the British Virgin Islands with limited liability)

USD Settled Zero Coupon Guaranteed Convertible Bonds due 2012

(Stock Code: 1517)

convertible into ordinary shares of and unconditionally and irrevocably guaranteed by



New World China Land Limited

新世界中國地產有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0917)

ANNOUNCEMENT

EXERCISE OF THE OPTION TO ISSUE OPTIONAL BONDS

The Board and the board of New World BVI are pleased to announce that, on 25 June 2007, New World BVI has received written notice from Deutsche Bank to require New World BVI to issue all of the Optional Bonds for a further principal amount of RMB300 million. The Option Closing Date as specified in the written notice is 28 June 2007.

Based on an initial Conversion Price of HK\$8.044 and assuming full conversion of the Optional Bonds at the initial Conversion Price with a fixed exchange rate of HK\$1 = RMB0.9848, the Optional Bonds will be convertible into 37,870,509 Shares (subject to adjustment), and represents approximately 0.99% of the issued share capital of the Company as at the date of this announcement and approximately 0.91% of the enlarged issued share capital of the Company, assuming and taking into account also of the conversion of the Firm Bonds.

The Optional Bonds have not been offered or sold and will not be offered or sold in Hong Kong to the public within the meaning of the Companies Ordinance.

The Optional Bonds and the Shares to be issued upon conversion of the Optional Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Optional Bonds and the Shares to be issued upon conversion of the Optional Bonds will be offered and sold outside the United States in reliance on Regulation S under the Securities Act.

The net proceeds from the issue of the Optional Bonds are approximately US\$38 million which, together with the Firm Bonds, are estimated to be approximately US\$358 million after deduction of expenses (including but not limited to legal fees and underwriting commission). The Company currently intends to use all of the net proceeds of the Firm Bonds and Optional Bonds to finance the development costs of a property project in Beijing and for general working capital.

Reference is made to the Company's announcement dated 4 May 2007. Unless otherwise defined, terms used herein have the same meanings as those defined in the announcement dated 4 May 2007.

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The following table summarizes the shareholding structure of the Company as at the date of this announcement and as a result of conversion of the Bonds (assuming the total number of Shares in issue remain unchanged from the date hereof):

Name of Shareholder	As at date of this announcement		Assuming the Firm Bonds are fully converted into Shares (subject to adjustment) at the initial Conversion Price of HK\$8.044 each at a fixed exchange rate of HK\$1 = RMB0.9848		Assuming the Firm Bonds and the Optional Bonds are fully converted into Shares (subject to adjustment) at the initial Conversion Price of HK\$8.044 each at a fixed exchange rate of HK\$1 = RMB0.9848	
	No. of Shares	Approximate % of issued share capital of the Company	No. of Shares	Approximate % of enlarged issued share capital of the Company	No. of Shares	Approximate % of enlarged issued share capital of the Company
New World Development	2,537,632,731	66.25	2,537,632,731	61.21	2,537,632,731	60.65
Other subsidiaries of New World Development (Note 1)	177,226,049	4.63	177,226,049	4.27	177,226,049	4.24
Sub-total	2,714,858,780	70.88	2,714,858,780	65.48	2,714,858,780	64.89
Directors	148,951,326	3.89	148,951,326	3.59	148,951,326	3.56
Public	966,555,526	25.23	966,555,526	23.31	966,555,526	23.10
Bondholders (Note 2)	—	—	315,587,575	7.62	353,458,084	8.45
Total	3,830,365,632	100.00	4,145,953,207	100.00	4,183,823,716	100.00

Notes:

- These shares include 113,351,879 shares, 22,508,064 shares, 41,366,106 shares held by a 100% owned, a 59% owned and a 56% owned subsidiary of New World Development respectively.
- Bondholders constituting public.

The net proceeds from the issue of the Optional Bonds are approximately US\$38 million which, together with the Firm Bonds, are estimated to be approximately US\$358 million after deduction of expenses (including but not limited to legal fees and underwriting commission). The Company currently intends to use all of the net proceeds from the Bonds to finance the development costs of a property project in Beijing and for general working capital.

GENERAL

The Group is principally engaged in property development and property related investment in the PRC.

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Bonds by way of selectively marketed securities and the Shares to be issued upon conversion of the Bonds. Such approval (once granted) shall, however, not be taken as an indication of the merits of the Company or the Bonds.

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds and the Shares to be issued upon conversion of the Bonds are being offered and sold outside the United States in reliance on Regulation S under the Securities Act.

None of the Bonds will be offered to the public in Hong Kong.

The Company will promptly notify the Stock Exchange upon becoming aware of any dealing in the Bonds by any connected person (as defined in the Listing Rules) of the Company.

By Order of the board of
New World China Land Limited
Ngan Man-ying, Lynda
Company Secretary

By Order of the board of
New World China Land Finance Limited
Ngan Man-ying, Lynda
Director

Hong Kong, 26 June 2007

As at the date of this announcement, the board of the Company comprises of (a) nine executive directors, namely Dr. Cheng Kar-shun, Henry, Mr. Doo Wai-hoi, William, Mr. Cheng Kar-shing, Peter, Mr. Leung Chi-kin, Stewart, Mr. Chow Kwai-cheung, Mr. Chow Yu-chun, Alexander, Mr. Fong Shing-kwong, Michael, Ms. Ngan Man-ying, Lynda and Mr. Cheng Chi-kong, Adrian; (b) a non-executive director, namely Mr. Fu Sze-shing; and (c) three independent non-executive directors, namely Mr. Cheng Wai-chee, Christopher, Mr. Tien Pei-chun, James and Mr. Lee Luen-wai, John.

As at the date of this announcement, the board of New World BVI comprises of three directors, namely Dr. Cheng Kar-shun, Henry, Mr. Chow Yu-chun, Alexander and Ms. Ngan Man-ying, Lynda.